

Global Trends in the Demands for Tropical Fruit Products in the Export Trade



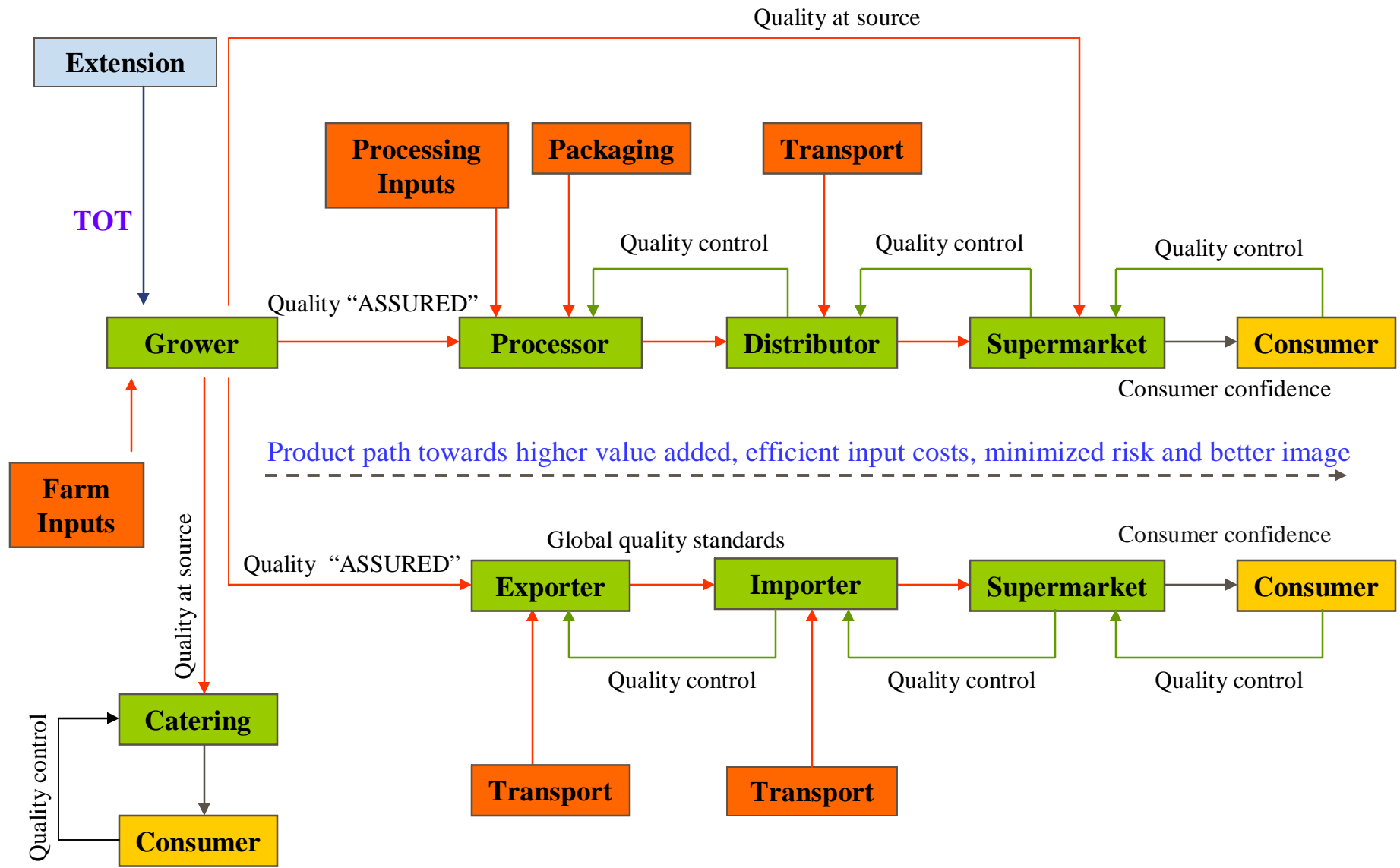
Presentation by:

Kit Chan

**International Tropical Fruit Network –
International Seminar on Consumer Trends and Export
of Tropical and Subtropical Fruits**

14th – 16th July 2008, Bangkok Thailand

Scheme drawing of a fruit supply chain





Braining storming notes of the supply chain

- Focus on Customers
- Delivery on time, all the time
- Transportation
- Right price
- Right quantity
- Right quality, A good product
- Satisfaction of the customers
- Needs / wants / demand
- Demand = Wants x Affordability
- Offer the best value
- Differentiated product
- Put in the personal touch
- Building customer relationship
- Building the business
- Profitable business
- Managing the business
- Communicate with customers always
- Selecting the producers
- Selecting the suppliers
- Best quality, best product condition
- Standards, certified
- Best price
- On time delivery
- I am now the customer
- Be nice to me
- I want the best value
- Give me a differentiated product
- I need to compete
- Offer to teach the growers, producers
- Transfer technology to upstream stakeholder
- Organize suppliers to provide better service
- Communicate with the clients always



Keywords to the supply chain

- Customer is king
- Who is the customer ?
- Quality, Consistency, Efficiency
- Price
- Monitor and control
- Supply chain
- Building customer relationships
- Stakeholder business relationships
- Communication
- Value chain

Understanding and satisfying customer needs



Requirements for safety - **traceability**

- Middle class mothers concern for the family – **high standards of hygiene**
- Increasing number of food contamination cases
- Contamination in the field or in the production process
- A reaction towards the litigation against supermarkets

- Making producers responsible for food safety
- Origin of products – **halal, vegetarian, non-GMO**
- Certified safe production processes – **HACCP, GAP**
- Contaminated produce recalls – **identify source of contamination quickly**
- Supermarkets promotes consumer confidence to customers



Demand for quality

Quality Seeking Customers have a deep knowledge of food and cooking, and a high focus on the price - quality equation.

- Customers define Quality by
 - Physical and visual perfection
 - Assumed qualities of the product
 - Value of the product as incorporated in the price

- Supermarkets approach to marketing quality
 - Requires products from known origins
 - Supermarket wants a differentiated product
 - Placing in different sections of the supermarket – Japanese, European Foods
 - Differences are visually noticed
 - “Specially selected”, “Premium”



Competition in a global market –

Globalization & trade liberalization brought many producers to the market.
Competition is not just in price but also for a market access

Developing competitive advantage for production cost:

- Lower production costs through higher yield productivity
- Monitoring and control of farm production – less waste, minimize inputs
- Adopt most efficient processing techniques
- Managing efficient supply chain – vertical integration

Developing competitiveness in market access:

- Quality Certification – HACCP, GAP, Organic
- Adopt new varieties of crops
- Adopt new production systems
- Effective negotiation in bilateral FTA



Suppliers need to develop horticulture supply chain

- Horticulture production is a business management
 - Profit is a measure of success
 - Competition is imminent
 - Risk is a fact of life
 - Efficient management is needed to sustain in the business

- Challenges of the horticulture production business
 - Perishability of fresh horticulture produce
 - Weather interruption on production
 - Control of pests and disease
 - Production costs susceptible to other stakeholders and inputs
 - Wide price fluctuations in the market
 - Market inaccessibility
 - Technology is a necessary tool



Developing a Horticulture Supply Chain

- Link all stakeholders of the business
 - Product link
 - Service link - **INFORMATION**
 - External link - **NETWORKING**
 - Financial link
- Communicate with upstream, downstream and lateral stakeholders
- All businesses rely on the power of networking



Enabling Environment* –

It is argued that without government actions, markets could not exist

- Essential enablers ** – Infrastructures, trade policies
- Important enablers ** – R&D, standards and regulations
- Useful enablers ** – Business linkages, ease of doing business

- Examples:
 - Physical marketing outlets – service orientation, creates competition
 - SALM, Malaysia's Best, GlobalGAP
 - Information dispensation, Associations

* An Enabling Environment is the set of policies, institutions, support services and other conditions that together create the general business setting where enterprises can be started and thrive. (FAO)



TFNet to provide Enablers to Member countries

- A proposal to the Board of Trustee

Rationale

- TFNet is an international network organization by definition
- TFNet has access to international expert resources
- TFNet is to function as a link and dispenser of information to members

Operations

- **Network Anchor** to information for all members
 - **Marketing** – trade connections, business development,
 - **Production schedules** – monitoring production capacities
 - **Weather information**
 - **Technical information** – dispensation, publishing, development



Modality of the Network Anchor

- Make the Network Anchor a 3rd Party and independent entity.
 - Provide information for a fee via the web
- Each country member will setup its own TFNet office
 - Office shall be in the country
 - It shall be manned with its own national
 - Honorary and Associate members shall refer to its country office
 - Country office could double as regional office for the other members
 - Country or regional office is linked to head office
- Project proposals activated on needs basis
 - Project proposals to come from the office of country member
 - Assemble projects according to needs of member clients
 - Training programs for country members or regional members

Thank you



For enquiries, please mail to:

kitchan@kfarm.com

or visit us @

www.kfarm.com

